including Mr. Rajah, had held the blue pack Panadol that they marketed in Malaysia as being anything but Panadol manufactured in the United Kingdom. The advertisement that was published in the names of both the defendants, contrary to the contention by counsel for the plaintiffs, cleared any doubts that may have been as to whether there was any misrepresentation by the defendants in respect of the blue pack Panadol that they were marketing in Malaysia. By that advertisement, the defendants informed the public at large that what they offered to the Malaysian public was the blue pack Panadol which was "manufactured by and obtained direct from the United Kingdom Division of the Sterling-Winthrop Group Ltd. ..." The notice ends with the paragraph:

"Again we declare that all stocks of blue box Panadol offered for sale by ourselves are a genuine product manufactured by the U.K. division of the Sterling-Winthrop Group and sold under the brand name Panadol in the U.K., Singapore and Malaysia."

In the *Revlon* case[2], Templeman L.J. said as to the complaint of passing off at p. 112:

"In any event, in my judgment there can be no passing off when products manufactured, named, labelled and put into circulation by a Revlon company are sold by the defendants without any alteration to the contents, name or label. The products sold by the defendants are what the defendants say they are."

The same situation obtained here. The products sold by the defendants are what the defendants say they are – blue box Panadol manufactured, named, labelled and put into circulation by a Sterling company. The plaintiffs' case fails on both counts. The action is dismissed with costs.

Order accordingly.

Solicitors: *Allen & Gledhill; Shearn Delamore & Co.*

RHONE-POULENC AG COMPANY & ANOR. v. DIKLORIDE HERBICIDES SDN. BHD. & ANOR.

[O.C.J. (V.C. George J.) 17 December 1987]

[Kuala Lumpur – Civil Suit No. C320 of 1983]

Patents – Agricultural methods – Whether there was infringement of patents – Defence of lack of novelty – Registration of United Kingdom Patents Act 1951 (Act 215), s. 9 – United Kingdom Patents Act 1977 s. 60(1) & (2) – United Kingdom Patents Act 1949, s. 32(1)(e) & (f).

The plaintiffs were holders of four patents relating, *inter alia*, to certain agricultural methods. They claimed that the defendants had infringed their patents, by manufacturing and selling in Malaysia a product called Latex 100E, also known as L-100-E and as Product E. The defendants admitted that they were the distributors of Product E which was "manufactured for or by the defendants". They challenged the validity of the patents by pleading the defence of lack of novelty.

Held, allowing the plaintiffs' claim: (1) the defendants' attack on the validity of the patents failed in respect of each of the claims;

(2) the defendants have directly and indirectly infringed the plaintiffs' patents.

Case referred to:

(1) *Catnic Components Ltd. & Anor.* v. *Hill & Smith Ltd.* [1981] F.S.R. 60 (folld).

CIVIL SUIT.

Dato' V.L. Kandan for the plaintiffs/applicants.

P.S. Gill for the defendants/respondents.

Cur. Adv. Vult.

V.C. George J.: The grant of a patent for an invention is the grant to the patentee for a limited period of a monopoly right in respect of that invention, *i.e.* the right to exclude others from using that invention (see the opening lines in Terrel on *The Law of Patents* 13th Ed. p. 1). A patent may have one or more claims. The scope of the claims is to define the area of the patentee's exclusive monopoly for the process, method or product defined in the claim.

Prior to 1 October 1986 (when the Patents Act 1983 came into force), the law and practice as to patents was regulated by the Registration of United Kingdom Patents Act 1951 (Act 215) which provided that the law applicable in a patent case in Malaysia was, subject to the 1951 Act, the United Kingdom patent law *mutatis mutandis*. The 1951 Act provides, upon application, for the registration in West Malaysia of patents granted in the United Kingdom. Upon such registration, the Malaysian Registrar of Patents issues a certificate of the registration which by section 6 of the Act confers upon the applicant "privileges and rights similar in all respects to those conferred by the issue of the patent in the United Kingdom". By section 7 such privileges and rights shall date from the date of the patent in the United Kingdom

provided that no action for infringement shall be entertained in respect of any manufacture, use or sale of the invention prior to the date of the issue of the certificate of registration in West Malaysia. It is also relevant to read section 9 of the Act:

"9. (1) The High Court shall have power, upon the application of any person who alleges that his interests have been prejudicially affected by the issue of a certificate of registration, to declare that the exclusive privileges and rights conferred by such certificate of registration have not been acquired on any of the grounds *mutatis mutandis* upon which the United Kingdom patent might be revoked under the law for the time being in force in the United Kingdom.

(2) Such grounds shall be deemed to include the manufacture, publication, use or sale of the invention in West Malaysia before the priority date applicable to the patent in the United Kingdom, but not to include the manufacture, publication, use or sale of the invention in West Malaysia after the priority date applicable to the patent in the United Kingdom and before the date of the issue of the certificate of registration under section 5.

(3) For the purposes of this section, the expression 'priority date' in its application to a patent in the United Kingdom has the meaning assigned to it in section 56 of the Patents Act 1949 of the United Kingdom."

The original plaintiffs in this action were an American corporation called Union Carbide Agricultural Products Company Inc. who are grantees in the United Kingdom of, *inter alia,* the four letters of patent (which patents were duly registered in West Malaysia). The original plaintiffs have, since judgment was reserved in this action, changed their name to "Rhone-Poulenc AG Company". They have also assigned the certificates of registration in respect of each of the four letters of patent and the present assignee and holder of each of the four certificates is Rhone-Poulenc Nederland BV. The original plaintiffs having thus metamorphosed into the two companies who are now the co-plaintiffs herein, for the purposes of this judgment the original plaintiffs and the present co-plaintiffs are treated as one entity referred to herein as "the plaintiffs".

The particulars of the four patents are as follows:

U.K. Patent No.	Malaysian Certificate of Registration No.	Referred to hereinafter as Patent No.
1,194,433	71/71	433
1,281,524	286/73	524
1,293,934	276/73	934
1,320,870	79/74	870

The plaintiffs complain of infringement of their said patents by the defendants. The acts of infringement complained of are in respect of acts that took place after the issue of all four certificates of registration and prior to the coming into force of the 1983 Act. Accordingly, the relevant statutory provisions for the purposes of this case are those contained in the 1951 Act. English patent law *mutatis mutandis* applies.

The law relating to infringement is *mutatis mutandis* section 60 of the United Kingdom Patents Act 1977 sub-section (1) thereof dealing with what is known in patent law as direct infringement and sub-section (2) dealing with indirect or contributory infringement:

"60. (1) Subject to the provisions of this section, a person infringes a patent for an invention if, but only if, while the patent is in force, he does any of the following things in the United Kingdom in relation to the invention without the consent of the proprietor of the patent, that is to say:

(a) where the invention is a product, he makes, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise;

(b) where the invention is a process, he uses the process or he offers it for the use in the United Kingdom when he knows or it is obvious to a reasonable person in the circumstances that its use there without the consent of the proprietor would be an infringement of the patent;

(c) where the invention is a process, he disposes of, offers to dispose of, uses or imports any product obtained directly by means of that process or keeps any such product whether for disposal or otherwise.

(2) Subject to the following provisions of this section, a person (other than the proprietor of the patent) also infringes a patent for an invention if, while the patent is in force and without the consent of the proprietor, he supplies or offers to supply in the United Kingdom a person other than a licensee or other person entitled to work the invention with any of the means, relating to an essential element of the invention, for putting the invention into effect when he knows, or it is obvious to a reasonable person in the circumstances, that those means are suitable for putting, and are intended to put, the invention into effect in the United Kingdom."

The plaintiffs contend in respect of the patents as follows:

Patent 433 consists of numerous claims including, *inter alia,* a process for regulating plant growth by applying to the plant certain phosphonic acid derivative including 2-chloroethyl phosphonic acid known by the generic name ethephon as well as various other claims to compositions containing 2-chloroethyl phosphonic acid useful and necessary in the use of the aforesaid process.

Patent 934 claims a particular method of extracting rubber latex by chemical treatment of rubber trees with various compounds specifically including 2-chloroethyl phosphonic acid known by the generic name ethephon of which the plaintiffs are co-patentees.

Patent 524 claims, *inter alia,* a method of treating rubber trees with ethylene providing substances, including 2-chloroethyl phosphonic acid (ethephon) specifically for stimulating the flow of latex in such trees, of which the plaintiffs are co-patentees.

Patent 870 claims certain aqueous compositions which include 2-chloroethyl phosphonic acid (ethephon) among various phosphonic acid compounds as the active ingredients together with other ingredients to provide a formulation particularly suited for use in the stimulation of the flow of latex in rubber trees.

The plaintiffs further contend that their plant growth regulating composition and methods for stimulating yield and flow of latex (in rubber trees), which are the subject of the said four letters of patent, have been commercially exploited by the plaintiffs for over ten years, *inter alia,* by the sale of their product which is called Ethrel the active ingredient of which is 2-chloroethyl phosphonic acid known by the generic name ethephon. Ethrel has been sold and continues to be sold with the ethephon content in various strength including 5%, 10% and 40% concentration. The plaintiffs claim that their methods of stimulating latex flow or yield in rubber trees (which methods they claim are forms of plant growth regulation) are the very first commercial and practical methods for the said purpose ever devised.

The plaintiffs accuse the defendants of infringing the plaintiffs' said patents by manufacturing and selling in Malaysia a product called Latex 100E also known as L-100-E and as Product E.

The defendants by the statement of defence admit that they are the distributors of Product E (or Latex 100E or L-100-E) which is "manufactured for or by the defendants". They also admit that their product is sold with ethephon as the active ingredient at 10% or 40% strength. The evidence led at the hearing of the action showed that the defendants' product was sold or offered for sale in plastic containers substantially similar to the containers in which the plaintiffs' product was sold with ethephon at various strengths from 2½% up to 40%. The defendants, however, say by the statement of defence that their product was sold only for the purposes described on the label displayed on the containers, *i.e.* "For use with an alkali for the manufacture of ethylene gas for use in a laboratory. The manufacturer/importer and or distributors are not responsible for any other uses other than described on the label." It was also contended that the label also clearly stated that the product was not to be used as a plant growth regulator. (It will be seen later, however, that in fact these contentions were not substantiated.)

Further the defendants challenge the validity of the patents and each of them by pleading in the statement of defence lack of novelty.

I pause here to note that in the course of the trial, questions were asked and documents produced in support of what appeared to be reliance being placed by the defendants on attacking the patents on the ground that the inventions were so obvious that they should not have been granted letters of patent. Issue was taken on the defendants being allowed to rely on obviousness on the ground that it was not pleaded. I ruled in favour of the defendants. I took the view that although obviousness was not specifically pleaded that plea came within the ambit of the terms of the statement of defence.

On each of these two grounds, the defendants ask for the plaintiffs' action to be dismissed with costs and for the plaintiffs' certification in respect of each of the patents to be revoked or cancelled. The first defendant also seek damages against the plaintiffs said to have been suffered by the interlocutory injunction that the plaintiffs had obtained against them in respect of the sale of their Product E as well as arising out of certain allegations of fraud and conspiracy with one F.E. Zuellig (M) Sdn. Bhd.

The lack of novelty attack is to the effect that the invention the subject matter of the patents so far as claimed in any claim of the complete specification is not new having regard to what was known or used in Malaysia before the relevant priority date and the obviousness attack is to the effect that the claims did not involve an inventive step having regard to what was known or used before the relevant priority dates.

The relevant statutory provisions in respect of these challenges to the validity of the patents are sections 32(1)(e) and 32(1)(f) of the United

Kingdom Patents Act 1949 which have to be applied, *mutatis mutandis*, whereby the location of the knowledge or document or the prior use as the case may be has to be in respect of what was known or used before the priority date in West Malaysia. An invention can become known by a prior oral disclosure or by a prior published document or by a prior user. The defendants in relying on lack of novelty have to produce evidence to satisfy the court that in fact the invention was "known" before the priority date. To prove obviousness, the defendants have to produce evidence to satisfy the court that the invention claimed in each claim was one which was obvious to a person of ordinary skill in the relevant art previous to the priority date.

For the defendants, in purporting to discharge the onus of proving lack of novelty and/or obviousness, some reference was made to an apparent practice of rubber tappers dipping their tapping knives in water containing calcium carbide before tapping the trees as being knowledge of the fact that the release of acetylene gas stimulated the yield of latex. The defendants also relied on a 1963 Australian publication entitled *Organophosphorus Compounds* by Judith A. Maynard and J.M. Swan.

Now, apart from counsel for the defendants asking the witness Dr. P.D. Abraham in cross-examination whether he had heard of the practice of rubber tappers dipping their knives in water in which was added calcium carbide (to which Dr. Abraham said he had heard of the practice), no evidence was led in respect of that alleged practice. Where, when and why the tappers did this was not made known to the court. The affirmative answer by Dr. Abraham without any relevant elaboration does not take the matter any further.

I have attempted to carefully read the Maynard and Swan article. Whether it was published in Malaysia and if it had been, when it was so published, was not disclosed to the court. No doubt Dr. P.D. Abraham said he had read the article. But Dr. Abraham, as can be seen from his *curriculum vitae*, is a much travelled man. In any event, I entirely agree with Dato Kandan's submission that the article is totally silent upon and is irrelevant to any use pertaining to agriculture in general and to plant growth regulation in particular.

The article does not say that ethephon decomposes at PH 4.5 to produce ethylene. The authors of the article found ethephon to be stable at PH 10. They discovered that decomposition takes place at PH 14 when brought into contact with an alkali. I agree with Dato Kandan's submission that if anything, these findings would discourage a plant physiologist from thinking in terms of applying ethephon to plants in that the evidence before the court was that the PH of plant cells is not higher than 7. The need of an alkali to cause the decomposition to take place and the fact that heat is generated in the process would no doubt provide further discouragement to any association of ethephon in relation to plant growth regulation. In any event, the Maynard and Swan article is quite inadequate to meet the onus cast on the defendants in attacking the validity of the patents and the claims thereon.

I have carefully considered all aspects of the defendants' attack on the validity of the patents and find that the attack has totally failed to make even a dent in the validity of the patents and each of them and in respect of each of the claims therein.

Now, exhibit P2 is a container having the features specified in claim 51 of Patent No. 433. It was found to contain an aqueous composition of 9.89% by weight of ethephon with approximately 2% by weight of a polysaccharide thickener. The unchallenged tests that disclosed this also confirmed without any challenge that the contents of P2 was in all ways a copy of the plaintiffs' product.

Witnesses testified that P2 was sold by the first defendant through its director, the second defendant, to F.E. Zuellig (M) Sdn. Bhd. for them to distribute it and other similar containers to wholesalers. P2 was sold to a well-known wholesaler of estate supplies in the town of Klang called K.A. Peer Mohamed Sdn. Bhd., who in turn sold P2 to PW16, Lim Jin Koh, who had it tested by PW4, Laurence J. Helfant, the senior analytical chemist employed by the plaintiffs.

In fact the defendants have not denied selling the products complained against. They have not denied (or produced evidence to show that) their compositions are other than that as alleged (and proved) by the plaintiffs as being a copy of the plaintiffs' product.

The plaintiffs have by testimony of witnesses proved that on at least two separate occasions the first defendant, with the authorization and active participation of the second defendant, had sold the

product complained of with the knowledge and to the intent that the product would be used by the purchaser for treating rubber-bearing Hevea Brasiliensis (*i.e.* rubber trees) for the purpose of stimulating the yield of latex.

There was also the evidence of the company Supreme Chemical buying and retailing the defendants' products and the evidence of the estate manager Chan Chow Kong (PW9) who testified that he had obtained the defendants' product from Supreme Chemicals and which he understood was to be used in the same way as the plaintiffs' Ethrel as a latex yield stimulant and which he had so used.

The defendants have not substantiated their contention that their product was sold for a purpose other than plant growth regulation. The evidence available was overwhelming to the contrary. Further, there was no evidence to substantiate the defendants' contention that their product was sold to be and was used only with an alkali for the manufacture of ethylene gas for use in a laboratory. Contrary to what was pleaded in the statement of defence, the label on the defendants' product bore no instructions other than that the contents had to be stirred before use! The plaintiffs demonstrated tellingly that the composition of their product was such (particularly the addition of the polysaccharide gum) that it was uneconomical and impractical to use the defendants' product for the production of ethylene gas. The witness Laurence Helfant testified as follows:

"I would not use that product in the lab to produce ethylene. Water would slow the reaction. It also contained a thickener which would again interfere with the reaction making it difficult for the alkali to come into contact with the ethephon. It also contained a dye – red. It would have been much easier to use pure ethephon."

The plaintiffs have proved that the probabilities are that the defendants' product was designed to be used in the same manner the plaintiffs' product Ehtrel was to be used and in the way PW9, the estate manager Chan, had used it – to paint the grooves of the tapping cut in rubber trees to stimulate latex yield. In any event, that the defendants' product has been proved to be suitable for the stimulation of latex yield in rubber trees tantamounts to an infringement by the defendants of the plaintiffs' composition claims regardless of whether the product was in fact used or intended for use for other purposes.

In respect of the 433 patent, claims 1, 2, 3, 4, and 35 relate to processes and can be considered together and are concerned with, *inter alia,* the use of ethephon in a process for regulating plant growth by means of the application to the plant of an effective amount of ethephon.

I accept the evidence of PW18, Dr. P.D. Abraham (and the reference in Leonard C. Luckwill's *Growth Regulators in Crop Production*) that the use of ethephon to stimulate latex yield in rubber trees is an example of plant growth regulation.

It is to be noted that claims 1, 2, 3 and 4 have no limitations on the strength of the ethephon. Claim 35 is limited to an aqueous composition of 4.8% (or less) of ethephon.

The sale by the defendants of ethephon in any concentration constitutes contributory infringement of claims 1, 2, 3 and 4 when sold for use for plant growth regulation. Where the strength of ethephon is, say, 5% or less, claim 35 would also be infringed. It is to be noted that in respect of claims in patents, a purposive interpretation should be given. This, I think, stems from the *De Minimis* rule. The principle was explained in *Catnic Components Ltd. & Anor.* v. *Hill & Smith Ltd.*[1] Claim 41 of the 433 patent is directed to a composition suitable for plant growth regulation in a process for regulating plant growth as described in the earlier claims. The composition we are concerned with includes a plant growth regulator, namely, ethephon in a concentration of up to 4.8%. Applying the *Catnic Components* principle, the defendants' product with 5% concentration of ethephon is caught up by this claim.

The evidence of PW5, 6, 7, 9, 10 and 11, *i.e.* employees of F.E. Zuellig (M) Sdn. Bhd., have proved beyond reasonable doubt that the defendants' products were intended for and used for plant growth regulation, namely, the stimulation of latex flow. This tantamounts to direct infringement of claim 41 as concentration up to 5% were involved.

The defendants' 10% concentration ran foul of claim 43 by direct infringement.

Claim 51 is directed to the various compositions in relation to the container defined in this claim. I found that the container and the contents thereof of the defendants' product come well within the scope of this claim and that accordingly there is direct infringement of this claim as well.

As to the 524 patent, claims 1, 3, 4 and 9 are concerned with the use of ethephon in the method described in claim 1. I found on the evidence that there has been contributory infringement of claims 1, 3 and 4 in that the defendants have induced the planters into committing direct infringement of these claims. It is to be noted that claim 9 has direct reference to rubber trees.

As to the 934 patent, claims 1, 2, 6, 7, 12, 13, 15 and 16 are all concerned with low-intensity tapping as described in the patent in respect of the extraction of latex from the rubber tree following the application thereto of ethephon. The planters using the defendants' product are direct infringers of these claims and the defendants who provided their products to the planters are guilty of contributory infringement.

As to the 870 patent, the claims against which the plaintiffs say there were infringement (claims 1, 2, 3, 4, 6, 7 and 22) are all directed to aqueous compositions (1% to 20% concentration of ethephon) for application to rubber trees to stimulate the flow of latex. The composition has a viscosity of at least 1,000 centipoises and has as a thickening agent a polysaccharide gum.

I acept the evidence of PW4 (the chemist Laurence Helfant), PW1 (Dr. Hardisty) and PW16 (Lim Jin Kok) and find that the defendants' product was in all ways a copy of the plaintiffs' product. I hold that the manufacture and sale of the defendants' product is a direct infringement of these claims irrespective of the purpose for which the defendants' product was sold or for which it was ultimately used.

Claim 23 is a process claim for stimulation of latex yield using any of the compositions referred to in the patent, and by the sale of the defendants' products to the planters, there was contributory infringement on the part of the defendants and direct infringement by the planters using the product.

Accordingly, the declarations prayed for by prayer 1 and 1(a) in paragraph 12 of the statement of claim are hereby granted. The certificate prayed for by prayer 1(b) shall be issued. Further there will be an order in terms of prayers 2, 4 and 5. The defendants will pay the costs of and incidental to this action.

As to the counterclaim, the defendants have not called any evidence and in any event have not even attempted to substantiate the contentions in support of the counterclaim. The evidence produced by the plaintiffs' witnesses and the documents produced in court have not provided any support to the counterclaim. In the circumstances, I am satisfied that the imposition of the interlocutory injunction was just and expedient and that the alleged conspiracy between the plaintiffs and F.E. Zuellig (M) Sdn. Bhd. is without any basis. The counterclaim has to be and is dismissed with costs. Unless notice of appeal is filed before then, the clerk of courts shall return the exhibits in this case to the witnesses who produced them through their relevant solicitors.

Order accordingly.

Solicitors: *Shearn Delamore & Co.; Gill & Tang.*

KESANG LEASING SDN. BHD. v. LONGWOOD SDN. BHD. & 3 ORS.

[A.C.J. (V.C. George J.) 5 August 1987]

[Kuala Lumpur – Civil Suit No. C3590 of 1985]

Civil Procedure – Order 14 application – Hire-purchase agreement – Whether there are triable issues – No basis in equity or in law for raising mitigation as an issue for trial.

Hire-purchase – Hire-purchase agreement – Whether moneylending – Whether sum stipulated is penalty or liquidated damages.

This is an appeal by the plaintiff for leave to enter final judgment as prayed in its Order 14 application.

The case is in respect of three hire-purchase agreements by each of which the plaintiff had let to the first defendant one unit of Caterpillar tractor. The plaintiff contends that the first defendant is in breach of the hire-purchase agreements in that it had fallen in arrears of hire rentals and that none of the vehicles was to be found at the first defendant's address stated in the respective agreements. The plaintiff contends that by these breaches the first defendant had repudiated the agreement. By letter the plaintiff accepted the repudiation and terminated the agreements. The plaintiff claims a specific sum in respect of each of the agreements which it says is a genuine pre-estimate of the damages that the parties had agreed to be paid in the event the first defendant repudiated.